

TO: Mayor and City Council  
FROM: Alejandra Lopez, Executive Director, San Antonio Economic Development Corporation  
SUBJECT: San Antonio Economic Development Corporation: Overview, FY 2022 Review and FY 2023 Updates  
COPIES: Erik Walsh, City Manager; Brenda Hicks-Sorensen, Director, Economic Development Department  
DATE: August 14, 2023

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The purpose of this memo is to provide City of San Antonio's City Council with a background of the San Antonio Economic Development Corporation (SAEDC) that includes operations during Fiscal Year 2022 and Fiscal Year 2023 updates as of July 31, 2023.

The SAEDC is a nonprofit corporation created in 2010 by the City for the purpose of promoting economic development. It is comprised of a seven (7) member Board of Directors, which the Mayor and City Manager serve as the President and Secretary respectively. Assistant City Manager, Alex Lopez, is the Executive Director with staff from the Economic Development Department (EDD) providing logistical support to the SAEDC. City Council is charged with providing oversight of the Corporation by approving project investments as determined by the bylaws; the SAEDC's annual budget; at-large Board member appointments; issuance of bonds, notes, and other debt; and grants and loans from the City to the SAEDC.

### **SAEDC General Operations**

In FY 2022 Jose Padilla was appointed to one of the three At-Large-Citizen positions of the SAEDC Board. He is owner of, and attorney at Padilla Law PLLC where he focuses on business law for growth companies and health care providers and vendors. Mr. Padilla has a J.D. from the University of Pennsylvania Law School and a bachelor's degree in government from Harvard College. He is a mentor at Trinity University's entrepreneurship program, the UTSA Health Science Center, and VelocityTX's accelerator program as well as several other accelerators.

The SAEDC continues to be committed to supporting economic development in San Antonio. In June of FY 2022, the board approved the establishment of the Capacity Building and Bonding Assistance Program to build the capacity of small, minority, women-owned business enterprises (S/M/WBE) construction contractors and provide technical and financial assistance. In August of FY 2022, the SAEDC Board authorized the execution of a Professional Services Agreement with VelocityTX to provide technical assistance services in connection with the implementation of the San Antonio Military Medical Innovation Initiative (SAMMI). This agreement will allow for the continuation of services to support and expand the entrepreneurship and innovation in military medical communities in San Antonio.

In FY 2023, with the recommendations set forth by the Economic Development Department's Strategic Framework and upon direction of the Board, staff reviewed the SAEDC's function and work plan and provided recommendations considering the City's identified needs and the SAEDC's opportunity to effectively support in economic development activities. These included aligning with the Framework's Placemaking and Real Estate goals through the strategic use of tools, such as the SAEDC, to build a more resilient local economy. In support of the recommendations, the Board and City Council approved revisions to the SAEDC bylaws to allow the SAEDC to effectively serve as a tool for placemaking initiatives.

## **SAEDC Programming Overview and Updates**

### **SAEDC Investments**

Beginning in 2010, SAEDC has supported economic development projects, historically through grants and convertible promissory notes. A total of twelve investments have been made to date. The SAEDC maintains four active agreements. In FY14 the SAEDC Board approved the establishment of the SAEDC Investment Fund via a Ch. 380 Economic Development Grant Agreement in the amount of \$500,000. The purpose of the fund was to undertake economic development projects in accordance with the established SAEDC Investment Fund Guidelines.

In FY 2022, the SAEDC undertook a review of the companies within its portfolio through the engagement of a third-party reviewer with ThirdWave Partners, LLC. The results of the review were presented to the Board in executive session on June 13, 2022. One of these companies, Parlevel Systems, Inc, was acquired by Retail Markets, LLC. As merger considerations, the SAEDC is set to receive \$385,003.08. Additionally, the agreement between the SAEDC and InCube Labs, LLD was terminated as a result of a failure to meet the employment requirements. The SAEDC received \$300,000 in payment per the employment requirement default in the agreement along with shares of several InCube companies. Staff continues to monitor the investment portfolio.

### **San Antonio Military Medical Initiative (SAMMI)**

In August 2017, the City and the SAEDC formed the Community Life Science Working Group to study and explore the unique medical and bioscience industry that exists in San Antonio. The group eventually endorsed the SA Military Life Science Commercialization Action Plan which listed a number of recommendations to support the industry, including the SAMMI Director position and the establishment of a Fund.

The SAMMI Director continued providing support and technical assistance to military medical companies through FY 2022, at which time the leadership transitioned to VelocityTX via a Professional Services Agreement (PSA). As part of these efforts, a Technology Transfer Agreement was established with the 59th Medical Wing/Defense Health Agency (DHA) \ to formalize interactions with the 59th Medical Wing and provide mutually beneficial support to the military medical community. Additionally, the SAEDC has continued hosting the annual Military Medical Industry Day (MMID) to advance partnerships and collaborations between the industry, military, and research sectors. In FY 2022, 232 individuals attended and there were 266 attendees in FY23. VelocityTX led the MMID efforts with support from staff per the PSA.

The SAMMI Fund, was created in FY20 out of the SAEDC Investment Fund with a focus on local, early-stage companies with technologies that are both relevant to military medicine and industry. The Board committed to fund five (5) companies via promissory notes for up to \$50,000 upon meeting agreement requirements. As of July 2023, \$205,000 of the total \$250,000 committed funds has been disbursed.

### **Bonding Assistance**

The pilot program launched in October 2022 to establish, enhance, and increase S/M/WBEs bonding capabilities and capacity, which should lead to an increase in the number of City contracts they are both bidding on and awarded. S/M/WBE assistance includes education, one-on-one counseling, referrals, and access to a \$500,000 pool of funds to cover City contract bonding requirements. The program is implemented in partnership with the SAEDC and administered by Alamo Surety Bonds.

Since the program launch, Alamo Surety has developed the program foundations and already supported eleven companies in their capacity building. Alamo Surety has administered 23 classes and 56 one-on-one consultation hours. The impact of which has resulted in an increase in participant bonding capacity and bid submissions and an overall participant bonding capacity increase from \$1.4M to \$3.9M (175% increase).

Participants have submitted 6 bids for either City contracts or with other public agencies. The SAEDC has exercised the one-year extension for the agreement with Alamo Surety for the administration of this program.

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